

Message Text

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47

ACTION EA-13

INFO OCT-01 SS-14 ISO-00 IO-03 L-02 INT-01 DODE-00 PM-03

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 NSC-10 NSCE-00

EB-03 COME-00 TRSE-00 CIEP-01 OMB-01 SPC-01 AID-10

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P R 250940Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9518

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY WELLINGTON PRIORITY

INFO AMCONSUL AUCKLAND

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

USMISSION USUN NY

CINCPACREP GUAM/TTPI

CINCPAC HONOLULU HI

COMTWELVE SAN FRANCISCO CA

C O N F I D E N T I A L TOKYO 01125

LIMDIS

CINCPACREP PASS TO STATUS LNO TRENT

CINCPAC FOR POLAND

COMTWELVE FOR AMB WILLIAMS

E.O. 11652: GDS

TAGS: US, TQ, EGEN

SUBJ: MICRONESIA - NEW FOREIGN INVESTMENT POLICY

REFS: (A) STATE 14692

(B) STATE 014693

(C) STATE 191147 (NOTAL)

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1. EMBASSY AGREES THAT OPENING OF MICRONESIA TO NON-US FOREIGN INVESTMENT CARRIES WITH IT POSSIBILITY THAT JAPAN WILL BECOME DOMINANT FOREIGN INVESTOR IN TTPI, AND THAT INVESTMENT BY OTHER NATIONS, PARTICULARLY AUSTRALIA AND NEW ZEALAND, MAY BE EFFECTIVE METHOD OF COUNTERBALANCING JAPANESE ECONOMIC PRESENCE IN TTPI. WE HOPE, HOWEVER, THAT IN DISCUSSIONS WITH GOA AND GNZ, EMBASSIES WILL EMPHASIZE INVESTMENT OPPORTUNITIES AND OUR DESIRE FOR BALANCED FOREIGN INVESTMENT IN TTPI, RATHER THAN OUR CONCERN ABOUT POSSIBLE JAPANESE ECONOMIC DOMINATION OF MICRONESIA. IN ORDER TO PREVENT ANY MISUNDERSTANDING IN JAPAN OF OUR EFFORTS TO ENCOURAGE AUSTRALIA AND NEW ZEALAND INVESTMENT IN MICRONESIA EMBASSY PLANS TO DISCUSS PROBLEM FRANKLY WITH GOJ (WHEN ADVISING IT OF REF B) ALONG FOLLOWING LINES:

A. AS RESULT OF THIS CHANGE OF POLICY, US EXPECTS AND WELCOMES JAPANESE INVESTMENT IN TTPI AND HOPES THAT SUCH INVESTMENT WILL PLAY IMPORTANT ROLE IN ECONOMIC DEVELOPMENT OF AREA;

B. AT THE SAME TIME WE BELIEVE IT IS IN MICRONESIA'S INTEREST THAT SOME BALANCE BE MAINTAINED AMONG INVESTING NATIONS. ACCORDINGLY, WE ARE ALSO ENCOURAGING OTHER COUNTRIES, PARTICULARLY AUSTRALIA AND NEW ZEALAND, TO EXAMINE INVESTMENT OPPORTUNITIES IN TTPI.

2. COMMENT: AS RESULT OF TANAKA'S RECENT SEA TRIP, GOJ IS ACUTELY AWARE OF PROBLEMS CAUSED BY CONCENTRATED AND HIGHLY VISIBLE JAPANESE OVERSEAS INVESTMENT, AND WE BELIEVE GOJ WILL BE RESPONSIVE TO OUR CONCERNS.

3. IT APPEARS TO US THAT OPENING OF TTPI TO FOREIGN INVESTMENT ATTENUATES OUR EARLIER OBJECTIONS TO FORMATION OF JAPAN-MICRONESIA FRIENDSHIP ASSOCIATION. SINCE WE HAD ASKED FONOFF TO HOLD LINE ON THIS ISSUE, AND THEY MOST HELPFULLY DID SO AT COST OF SOME FRICTION WITH THEIR OWN BUSINESS COMMUNITY, WE NOW
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BELIEVE IT WOULD BE HELPFUL IF WE COULD INDICATE THAT WE NO LONGER OBJECT TO FRIENDSHIP ASSOCIATION EXPANDING ITS CONTACTS IN MICRONESIA. ACTION REQUESTED: DEPT PERMISSION TO TAKE ABOVE LINE ON FRIENDSHIP ASSOCIATION IF FONOFF RAISES QUESTION.
SHOESMITH

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